

FISCAL NOTE

Bill #: HB0566

Title: Revise law on license plates and decals

Primary Sponsor: Cohenour, J

Status: As Introduced

Sponsor signature	Date	David Ewer, Budget Director	Date
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Fiscal Summary

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
Expenditures:		
General Fund	\$206,041	\$108,174
Revenue:		
General Fund	\$0	\$0
Net Impact on General Fund Balance:	(\$206,041)	(\$108,174)

- | | |
|---|---|
| <input type="checkbox"/> Significant Local Gov. Impact | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input checked="" type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

Department of Corrections

1. HB 566 would require embossed letters and numbers on all license plates. The digital license plate machine would still be used to print all license plate designs but would no longer print the alphanumeric on the license plate.
2. Embossing plates would require a one-time cost for new dies of \$26,510. This would allow for the license plate reissue and the 6 ½ spaces on the specialty plates, as the current alphanumeric character dies are too large for the space.
3. Other costs associated with embossing would be die sharpening (FY 2006-\$10,000 FY 2007-\$10,000), utilities to operate the plate baking ovens (FY 2006-\$6,000 FY 2007-\$5,000), supplies and materials (FY 2006-\$40,000 and FY 2007-\$12,300) including ink, boxes, and miscellaneous supply expenditures and repair and maintenance (FY 2006-\$15,000 and FY 2007-\$5,000). In addition, embossing is more labor intensive and in the department's estimation would take additional supervisor overtime for the re-issue period (FY 2006-\$9,041), and an addition of four inmates for the re-issue period and two under normal operations (FY 2006-\$5,325 and FY 2007-\$2,663).

Fiscal Note Request HB0566, As Introduced

(continued)

Department of Justice

4. HB 566 increases the number of registration decals to one month and one year expiration registration decal for each license plate for the front and the back of the motor vehicle.
5. It is assumed that the present law decision package submitted by the Department of Justice will be approved in HB 2 for the increase in operating expenditures for FY 2006. (DP 11 increases operating expenses \$192,470 in FY 2006)
6. New general issue license plates will be issued for CY 2006. Each new general issuance of license plates requires the purchase of 1.1 million additional decals marking the month of the license expiration (\$82,720 requested for FY 2006 in DP #11). This bill would increase the number of month decals to 2.2 million. Operating expenses would increase an additional \$82,720 for the additional decals that would be placed on the front license plates. (1.1 million decals x \$0.0752/decal)
7. Regular year decals required to mark the year on the front license plate would increase operating expenses in FY 2007 \$65,875. (775,000 decals x \$0.085/decal)
8. Currently 75 sets of flat license plates can be shipped in a box to the county treasurers. Embossing the license plates will decrease the number of sets of license plates per box to 50 sets. Therefore, operating expense for freight will increase approximately \$3,850 in FY 2006 and \$2,000 in FY 2007 for delivery of the embossed license plates.
9. Personal services will increase \$7,595 in FY 2006 and \$5,336 in FY 2007 for overtime required to print an additional 1.1 million decals in FY 2006 and 775,000 decals in FY 2007.

FISCAL IMPACT:

Department of Corrections – Montana Correctional Enterprises

	FY 2006 <u>Difference</u>	FY 2007 <u>Difference</u>
<u>Expenditures:</u>		
Personal Services	14,366	2,663
Operating Expenses	<u>97,510</u>	<u>32,300</u>
TOTAL	\$111,876	\$34,963
<u>Funding of Expenditures:</u>		
General Fund (01)	\$111,876	\$34,963
<u>Revenues:</u>		
General Fund (01)	\$0	\$0

Department of Justice – Motor Vehicle Division

<u>Expenditures:</u>		
Personal Services	7,595	5,336
Operating Expenses	<u>86,570</u>	<u>67,875</u>
TOTAL	\$94,165	\$73,211
<u>Funding of Expenditures:</u>		
General Fund (01)	\$94,165	\$73,211
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	(\$206,041)	(\$108,174)

Fiscal Note Request HB0566, As Introduced

(continued)

LONG-RANGE IMPACTS:

Embossing the alphanumeric characters on the license plate may require the redesign of most of the generic specialty license plates. This may or may not have an impact on the contributions received by the organizations from the sales of specialty license plates.

TECHNICAL NOTES:

1. Many of the current designs on the specialty plates will not allow for the placement of the alphanumeric using the embossing method with the current dies that are used. New dies will need to be purchased (included in fiscal note) and these plates may have to be redesigned to allow for the correct spacing using this method. This may be a technical difficulty depending on the dies available.
2. The reissue license plate design will have to be planned to allow for the placement of the design using the digital printing method and the alphanumeric using the embossed method.
3. It is unclear whether the permanently registered, collegiate and generic specialty license plates currently issued with decals only on the back license plate would be required to have new decals issued for both the front and back license plate. If that is the case, operating costs would increase to compensate for cost each additional decal required in addition to programming costs to update the data base to reflect the change in decal numbers.